

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-10 LAB-04
NSAE-00 SIL-01 DODE-00 PM-05 H-01 L-03 NSC-05
PA-01 SP-02 SS-15 ICA-11 AID-05 FRB-03 TRSE-00
XMB-02 OPIC-03 OMB-01 /093 W
-----041177 241738Z /64

R 241601Z APR 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 6182
INFO AMEMBASSY BONN
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE

C O N F I D E N T I A L SECTION 01 OF 02 BRUSSELS 07931

E.O.11652: GDS
TAGS: PINT, ELAB, BE
SUBJECT: SIX WEEKS TO SHOWDOWN

REF: A) BRUSSELS 7114, B) BRUSSELS A-106

1. SUMMARY.
IN AN ADDRESS TO PARLIAMENT ON APRIL 12 PRIME MINISTER
LEO TINDEMANS SET HIS GOVERNMENT A 6-WEEK LIMIT TO
PRODUCE AN ANTI-CRISIS BILL INCORPORATING WHAT HE
DESCRIBED AS URGENTLY NEEDED BUDGET ECONOMIES. WHILE
A POLITICAL COMPROMISE BETWEEN THE TWO LEADING
COALITION PARTNERS MAY BE POSSIBLE ON THIS ISSUE,
THE CRUCIAL QUESTION IS WHETHER ORGANIZED LABOR WILL
ACCEPT CUTS IN SOCIAL BENEFITS. END SUMMARY.

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2. ADDRESSING PARLIAMENT ON APRIL 12, PRIME
MINISTER LEO TINDEMANS MADE A STATEMENT OF INTENT
(REF A) TANTAMOUNT TO AN ULTIMATUM TO HIS SOCIALIST
COALITION PARTNER: AGREE ON AN ANTI-CRISIS BILL BEFORE
THE END OF MAY, OR THE HOUSE COMES DOWN - AND
REGIONALIZATION WITH IT.

3. AT THE END OF THE FIRST WEEK OF THE 6-WEEK COUNTDOWN, THERE IS CAUTIOUS OPTIMISM THAT SOME SORT OF COMPROMISE ANTI-CRISIS BILL, ACCEPTABLE TO BOTH SOCIALISTS AND SOCIAL CHRISTIANS, CAN BE WORKED OUT. TINDEMANS HAVING PUBLICLY STATED THAT THE STABILITY OF THE FRANC DEPENDS ON BUDGETARY REFORM, THERE APPEARS TO BE GENERAL AGREEMENT THAT SOME ECONOMY MEASURES ARE NOW INEVITABLE. MODERATE SOCIALIST CO-PRESIDENT KAREL VAN MIERT TOLD THE POLITICAL COUNSELOR THAT THE PSB IS READY TO ACCEPT THAT SOME CUTS - BUT NOT ALL - BE IN THE SOCIAL BENEFITS FIELD. EXPRESSING A SIMILAR VIEW, SOCIALIST MINISTER FOR ECONOMIC AFFAIRS WILLY CLAES TOLD THE ECONOMIC COUNSELOR THAT HE BELIEVED THAT "SOMETHING COULD BE WORKED OUT". THE QUID PRO QUO MAY COME IN THE THUS FAR NEGLECTED AREA OF STRUCTURAL CHANGE - PROBABLY NOTHING MORE THAN IS ALREADY CONTAINED IN THE TINDEMANS II PROGRAM OF GOVERNMENT (ENERGY, BANKING, PUBLIC INDUSTRIAL INITIATIVE, ETC.). THE SOCIAL CHRISTIANS MAY BE AMENABLE TO SOME SUCH COMPROMISE, APPREHENSIVE THAT TOO UNYIELDING A STANCE MIGHT LEAD THE SOCIALISTS TO INSIST ON A TRULY GLOBAL APPROACH TO BUDGET-CUTTING - CALLING INTO QUESTION AREAS OF EXPENDITURE (SUCH AS DEFENSE SPENDING) WHICH TINDEMANS MIGHT PREFER TO LEAVE UNTOUCHED.

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4. WHILE THE CVP MIGHT SEE SOME SHORT TERM POLITICAL ADVANTAGE IN EARLY ELECTIONS (PROFITING FROM CURRENT VOLKSUNIE DISARRAY), IT IS DIFFICULT TO SEE HOW CVP PRESIDENT MARTENS - WHOSE PERSONAL PRESTIGE IS HEAVILY ENGAGED IN THE CONTINUITY OF THIS GOVERNMENT AND THE SUCCESS OF REGIONALIZATION - COULD WITTINGLY ALLOW A GOVERNMENT CRISIS.

5. THE SOCIALISTS MAY FEEL THEMSELVES EQUALLY POORLY PLACED TO GO TO A SHOWDOWN. THEY HAVE SOME REASON TO DOUBT THEIR CURRENT VOTER APPEAL. ALTHOUGH CONTRADICTED BY ANOTHER POLL, A RECENT UNIVERSITY SURVEY OF PUBLIC OPINION SHOWED THAT, IN A CURRENT ELECTION, THE SOCIALIST PERCENTAGE OF THE VOTE WOULD FALL FROM 37.2 (1977) TO 30.3 IN WALLONIA; FROM 23 TO 19.6 IN FLANDERS; AND FROM 17.1 TO 13 IN BRUSSELS. THE PROSPECT OF FACING THE ELECTORATE HAS BECOME EVEN LESS ATTRACTIVE WITH THE BROADENING BREACH BETWEEN THE PRAGMATIC SOCIALIST LEADERS WHO REPRESENT THE PARTY IN THE CABINET AND THE MORE RADICAL FACTION CENTERED ON CHARLEROI-LIEGE, REPRESENTED BY GLINNE-PETRY-YERNA (REF B).

6. THUS, BARRING THE POSSIBILITY THAT SOME HIGHLY-
CHARGED, PERIPHERAL ISSUE (SUCH AS ABORTION LIBERALIZATION)
MIGHT BLOW THE COALITION CIRCUIT, AT THIS POINT THE
ODDS ARE THAT A COMPROMISE CAN BE WORKED OUT AT THE
POLITICAL LEVEL. BUT THIS MAY NOT BE SUFFICIENT.
IF THE SOCIALIST-ORIENTED TRADE UNION (FGTB),
PRESSED BY ITS LEFT WING, CONTINUES TO SET ITS FACE
AGAINST ANY PRUNING OF SOCIAL SECURITY BENEFITS,
THE CHRISTIAN TRADE UNION (CSC) CAN HARDLY BE SEEN
TO DO LESS. SHOULD THIS OCCUR, THE PRIME MINISTER

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C O N F I D E N T I A L SECTION 02 OF 02 BRUSSELS 07931

MAY HAVE CAUSE TO RECALL HIS OWN POST-MORTEM ON
TINDEMANS I: "NO GOVERNMENT CAN GOVERN AGAINST
ORGANIZED LABOR". CHAMBERS

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